

PALM OIL EXPANSION IN INDONESIA

Tine Ratna Poerwantika

tineratnap@gmail.com

Abstract

Environmental issues are becoming a commodity in the political sphere, both at the local, and national as well as international level. Green politics is now the most closely related to environmental problems, as is the case in developing countries such as Indonesia currently experiencing a massive expansion of oil palm trees whose owners are companies - large companies both national and foreign.

Palm oil is one of the most consumed oil in the world with low price and stable are used for a variety of foods, cosmetics, hygiene products, and a source of biodiesel. The world's palm oil production is dominated by Indonesia which generates around 85-90% of total world palm oil production. The most important thing is that the fulfillment of palm oil production is the obligation of the government.

Of palm oil export, Indonesia's production of palm oil should meet standard quality of RSPO and ISPO in order to decrease environmentally bad impacts. In addition, this study is expected to be useful for policy recommendation related to the palm oil industry as well as reference for the palm oil industry shareholders in Indonesia

Keywords: *Palm Oil Industry, Environment*

A. Background

The expansion of palm oil plantations are expanding or opening new land to crops such as palm oil that will change the system of land tenure, land loss and displacement, setting the ownership, management, occupation, exploitation and utilization of land, forests and water. Expansion of palm oil trees are called by the NGO is not responsible for damage to the environment such as biodiversity and species extinction. Another criticism is also known to have violated human rights of indigenous peoples and inhumane working conditions. Therefore industrial palm oil plants must comply with the rules of local and national law, human rights and labor

standards, policies that are not harmful, non-discriminatory principles, transparency, good governance, accountability and responsibility.

The complexity operations of the palm oil industry highly recommended to the government to immediately begin to develop and implement preventive measures to improve disability laws, bad practices and the impact of development discriminatory. The importance of the development of a sovereign state may prove effective when the construction is generating a realization of a better, acceptable and progressive civil rights, political, economic, social, cultural, environmental and indigenous peoples, local communities, small farmers and laborers. Environmental impacts experienced by Indonesia on palm oil plantations began to loss of biodiversity, increased greenhouse gas emissions, massive deforestation, depletion of soil nutrients, drought, barren and water pollution due to toxic waste.

Environmental issues are becoming a commodity in the political sphere, both in the local, national and even international. Green politics is now the most closely related environmental problems, as is the case in developing countries such as Indonesia currently experiencing a massive expansion of palm oil trees whose owners are companies - large companies both national and foreign. Some organizations are consistent for the environment, namely: Forum for Environment (WALHI), WWF and Greenpeace Indonesia.

According to Mathew Patterson, it is necessary to distinguish between green politics and environmentalism, the role of environmentalism receive frameworks exist in reality of political, social, economic and normative structures that exist in the world of politics. This movement is trying to fix the environmental problems with the existing structure. Meanwhile, the Green Parties considers that the existing structures become the main basis the rise of the environmental crisis. Therefore, they argue that the structure of economic, social and political changes and require major attention to show the difference between the pattern of an environmental movement that is based on political ideology or economic ideology.

The influx of palm oil plantations in Indonesia after Dr. D.D.T. Price brought four palm oil seed (two seeds from Bourbon-Mauritius and two seeds from Amsterdam) to serve as the Bogor Botanical Garden plant collection that became the first mother plant palm oil in Indonesia. At first planting of palm oil seeds are for ornamental plants (ornamental purpose), then distributed in Java and Sumatra, especially in the tobacco plantations Deli (Courtenay, 1965, in the Saragih, 1980). The evolution of the development of the palm oil industry in Indonesia can be divided into three phases: a pilot phase, the phase of revival and independence phase

Pilot phase, the opportunity to cultivate palm oil plantation establishment (commercial) is expected to arise since the Dutch colonial government issued a policy Agrarische Wet in 1870 that would allow the opening of plantations to private investors, especially foreign investors. In 1875, the test of palm oil plantations in 0.4 ha in the Land Deli by Deli Maatschappij and the result was encouraging and even better than the original habitat in West Africa. Phase resurrection, after the New Order in 1966 in Indonesia, the political economy of government changes with the greatest possible opportunities businesses (private investment), including palm oil plantations (Saragih, 1980). The issuance of Law No. 1 of 1967 about planting Domestic Investment (DCI) and Act 6 of 1968 on foreign direct investment (FDI), opening new investment opportunities in palm oil plantations. Political and economic conditions that are stable at that time as well as financial aid and experts from various countries were received by Indonesia, gave new energy development of palm oil plantations in Indonesia.

Phase Independence, in the period of 2000-2010, there was a revolutionary change and the national palm oil industry. After the multi-dimensional crisis hit Indonesia in 1998, the New Order regime ended and Indonesia entered a new era of the Reformation Era. Compared with Indonesia new era, the reforms are revolutionary changes that affect all aspects of life Indonesia that is, change the constitutional system of the authoritarian regime to a democratic regime, changes in

government management and development from a centralized to a decentralized system (autonomous regions), changes in the economic management of the regime of protective economies more liberal (Sipayung, 2012).

From the development of Indonesian palm oil, has mastered the upstream to downstream. Plantation development is intended to open the isolation region and synergized with the transmigration program development. The method of plantation development is done by integrating the main plantation called the core, surrounded by integration by supporting plantation called plasma. This system is called PIR (NES) which was introduced in 1977. It continues through Presidential Instruction No. 1/1986 by the name of PIR-TRANS coordinated with the transmigration program

Plantation expansion in Indonesia is the Directorate General of Plantation strategic planning for 2010-2014 has been established that the plantation development in 2010-2014 is more focused on the 15 national commodities, one of which is palm oil. Of the entire area of national commodities is projected to grow on average by 2.04% per year, from 20.394 million hectares in 2010 to 22.144 million hectares in 2014. Except tobacco which is projected constant at around 205 thousand hectares for five years front.

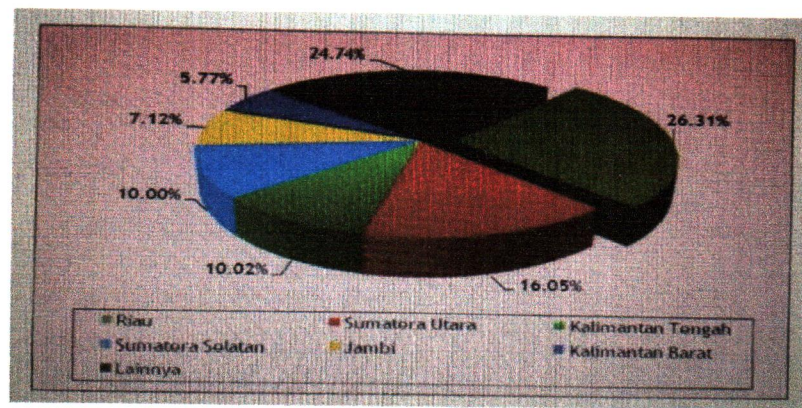
The world's palm oil production is dominated by Indonesia, a total yield of about 85-90%. At this time, Indonesia is a world's largest producer and exporter of palm oil. In the long term, world demand for palm oil is rising in line with the growing number of the world's population. This growth is evident in production and exports from Indonesia and also the growth of palm oil plantation area. Palm oil cultivation has been significantly improved by both small farmers and large employers in Indonesia with the impact on the environment and the decline in the number of production of other agricultural products, so many farmers switched to palm oil cultivation.

Based on data from Oil World, the trend of the use of palm oil-based commodities in the global market continues to rise and defeat the vegetable oil based industrial commodities such as wheat germ oil, corn oil; Palm oil. In the palm oil trade should be a certification of the RSPO and ISPO certification. Roundtable on Sustainable Palm Oil (RSPO) which is an international organization of multi-stakeholder which was established in 2004, adopted the MDGs relating to 3P in the Principles and Criteria (P & C). RSPO is a business initiative whose members voluntarily committed to the RSPO mechanism with the aim to produce and use sustainable palm oil. While certification of Indonesian Sustainable Palm Oil (ISPO) is the Indonesian government rules issued by the Ministry of Agriculture only valid in Indonesia.⁸ There are two different approaches of these standards.

Franky Samperanta, where RSPO approaches to the market while the Indonesian ISPO has an unclear approach.

B. Result

Indonesia's palm oil production centers mainly from six (6) provinces accounted for 75.26% of total palm oil production in Indonesia. **Riau and North Sumatra** is the largest province of CPO production centers in Indonesia with a contribution of 26.31% and 16.05%. Ranked next in succession is the **Province of South Sumatra, Central Kalimantan, Jambi and West Kalimantan** with contributions amounting to 10.02%, 10.00%, 7.12% and 5.77% respectively. The province ranks first in the province of Riau is spread over 7 districts. the largest Districts production of palm oil is Kampar. It is amounted to 1,090,681 tons or 16.99% of total palm oil production in Riau Province. Followed by Rokan Hulu amounted to 1,006,505 tons (15.67%), amounting to 813 126 tons Pelalawan (12.66%), Rokan Hilir 798 257 tons (12.43%), Siak 792 777 tons (12.35%), Indragiri Hilir 596 371 tonnes (9.29%) and Bengkalis 460 469 tonnes (7.17).



Palm oil production center is **North Sumatra** province in 2012. In this province, the district with the largest palm oil production is Labuhan Batu regency of 1,237,566 tons or 34.08% of total palm oil production in North Sumatra province. Followed by Asahan with a production of 554.910 tons (15.28%), Langkat amounted to 425 372 tons (11.71%), Simalungun amounted to 361.524 tons (9.95%), North Labuhan Batu regency of 188.528 tons (5, 19%). Province of palm oil production center next is the province of South Sumatra. Palm oil production centers in the province are in Musi Banyuasin with production reaching 638.406 tons (24.52%), followed by Musi Rawas amounted to 463.429 tons (17.80%), Ogan Ogan Ilir amounted to 459.936 tons (17.67 %), Banyuasin amounted to 304.694 tons (11.70%), and the Muara Enim Regency of 285.415 tons (10.96%).

C. Indonesian National Legal Framework In palm oil Plant Expansion Permit

1. Indonesian National Legal Framework

Regulation of the large plantations in Indonesia is bound by a number of laws and regulations, ranging from legislation to regulation ministerial level. The Company is also governed by various ministries from state agencies including the Ministry of Agriculture (Ministry of Agriculture), the Ministry of Environment (MoE), National Land Agency (BNP) and the Investment Coordinating Board (BKPM). In general, the legal rules that regulate documents eg permits and land rights shall be owned by the plantation company if you want to attempt in

Indonesia, but on the other hand Indonesian law does not make explicit to protect High Conservation Value (HCV) and the laws and regulations there is not enough to keep the areas of HCV. Identified HCV area not protected but reallocated to other companies, including the party who is not a member of the RSPO, which some of them allegedly cleared the land, including open areas HCV.

2. The role of the RSPO and ISPO in Solving Environmental Impact Happens In Indonesia

Roundtable on Sustainable Palm Oil (RSPO), an international multi-stakeholder organization established in 2004, adopted the MDGs relating to 3P in the Principles and Criteria (P & C). RSPO is a business initiative whose members voluntarily committed to the RSPO mechanism with the aim to produce and use sustainable palm oil. Practice plantations adhering to the principles of sustainability to prioritize the legality, environmental and social feasibility of long-term economic. These standards are designed to keep the palm oil expansion of primary forests and areas of high conservation value, require recognition of indigenous land rights, requiring the party planting / development to acquire land only through free decisions without coercion, prior and informed consent of the holders of prior rights, obliging plantation operations to respect the rights of workers, migrants and women and give a fair price to small farmers. While the Indonesian Sustainable Palm Oil (ISPO) is the Indonesian government rules issued by the Ministry of Agriculture launched a Code of Sustainable Palm oil Plantations Indonesia (Indonesian Sustainable Palm Oil - ISPO) which applies only in Indonesia.

3. Indonesia Palm Oil Export Destination

Rising demand of palm oil is on line with of growth of population and economic. Therefore, the productivity of the plants with higher oil is hoped to meet market demand in the future. Countries that palm oil consumption will continue to rise among others are China, Western Europe and India, while domestic consumption is also quite growing rapidly with products made from palm oil;

detergents, soaps, cosmetics, pharmaceuticals and margarine. This macro indicates that the prospects for the development of palm oil agribusiness and marketing of CPO and its derivatives are very good future and potential.

D. Conclusion

Expansion in Indonesia Is Strategic Planning Directorate General of Plantation in 2010-2014 has been established that the Plantation Development in 2010-2014 MORE ON 15 Commodities focused national, praying only is palm oil. Size Of The whole area is projected Commodities Growing national average of 2.04% per year, from 20.394 million hectares in 2010 to 22.144 million hectares in 2014. On the development of this expansion, has mastered the upstream to downstream. Plantation development is intended to open the isolation region and synergized with the transmigration program development. The method of plantation development is done by integrating the main plantation called the core, surrounded by integration by supporting plantation called plasma. This system is called PIR (NES) which was introduced in 1977.

The Presidential Instruction Number 1/1986 by the name of PIR-TRANS coordinated with the transmigration program. Growth in palm oil use was triggered by the increase in world population and the growing trend of oleo chemical base materials used in the food industry, shortening industry, pharmaceutical (cosmetic) and can be used as a source of biofuel or biodiesel for fossil fuel substitution. Environmental issues in Indonesia as a result of palm oil plantation is the loss of forests, increasing risk of fire, erosion and soil degradation, loss of biodiversity, resource depletion and emissions of greenhouse gases. If this is not taken seriously there will be exploitation (over exploitation) on the natural resource itself. To avoid the occurrence of over exploitation throughout the company are required to abide by the principles and criteria that are in RSPO itself.

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